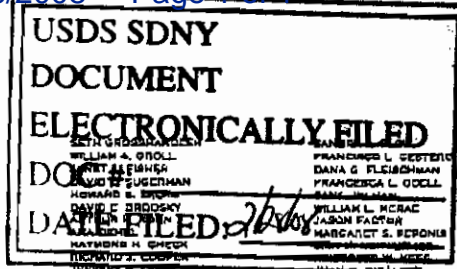CLEARY GOTTLIEB STEEN & HAMILTON LLP

ONE LIBERTY PLAZA

NEW YORK, NY 10006-1470

(212) 225-2000

FACSIMILE (212) 225-3999

WWW.CLEARYGOTTLIEB.COM

WASHINGTON, DC · PARIS · BRUSSELS
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Writer's Direct Dial: (212) 225-2086
E-Mail: jrosenthal@cgsh.com

MEMO ENDORSED

February 27, 2008

BY FAX

Honorable P. Kevin Castel, U.S.D.J.
United States District Court
Southern District of New York
500 Pearl Street
New York, New York 10007

Re: *Luminent Mortgage Capital, Inc. et al. v. HSBC Securities (USA) Inc.,*
     No. 07 Civ. 9340 (PKC)

Dear Judge Castel:

    While Defendant's counsel is again befuddled by Plaintiffs' precipitious decision to
write the Court and disturbed by their misrepresentions concerning the circumstances giving rise to
their counsel's letter, we presume that Your Honor has no interest in hearing about the "dispute
about the dispute" and thus we will not respond unless directed by the Court. Instead, we will
continue to urge Plaintiffs' cooperation in the prompt submission of a joint letter in accordance with
the Court's order of February 4, 2008 so that the Court may consider the merits of the dispute. We
would assure Your Honor, however, that Defendant has gained no unfair advantage given that,
Plaintiffs' representations notwithstanding, neither party has yet furnished the other with its
arguments for the joint letter (although Defendant stands ready to do so immediately upon Plaintiffs'
written confirmation of the oral resolution of one of our potential disputes reached this evening).

Respectfully submitted,

Jeffrey A. Rosenthal

cc: Michael E. Petrella, Esq.

[Handwritten annotations:]

Contrary to Mr. Petrella's view and perhaps that of Defendant's counsel, it is my view that the entire purpose of the Joint Letter is thwarted by an agreement to "not see each other's position" statements until they were merged to form the joint letter. If that were the purpose, two separate letters would be adequate. The idea to consider, discuss and, perhaps, reach a compromise based upon a thoughtful consideration of the other side's position.

Please submit a true Joint Letter by March 4, 2008.

ORDERED
2-28-08
USDJ